

January 27, 2003

To: Supervisor Yvonne Brathwaite Burke, Chair
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: David E. Janssen
Chief Administrative Officer

**MOTION TO SUPPORT AB 31 (RUNNER) – SCHOOL FINANCE EQUALIZATION –
ADDITIONAL INFORMATION – (ITEM NO. 10, AGENDA OF JANUARY 28, 2003)**

Item No. 10 on the January 28, 2003 agenda is a motion by Supervisor Antonovich which was continued from the meeting of January 21, 2003 at the request of Supervisor Antonovich.

This memo adds new information to the memos dated January 13, 2003 and January 17, 2003 (attached). AB 2781, Oropeza (Chapter 1167 of 2002), would have appropriated \$406 million of Proposition 98 funds for school district equalization: \$203 million by a formula which added excused absences to the average daily attendance (ADA), and \$203 million by a formula based only on ADA. The Governor vetoed the funding to have been distributed based on ADA and excused absences, and indicated his intention to sign subsequent legislation to appropriate up to \$203 million for distribution by a formula considering only ADA.

Although the Governor's Budget retains the \$203 million appropriated by AB 2781 for school district equalization, it sets aside only \$47 million for appropriation by the Legislature in FY 2003-04, instead of \$203 million.

During the January 21, 2003 Board meeting, Supervisor Knabe asked if the Proposition 98 reserve fund could provide sufficient additional funding for school district equalization. The Governor's mid-year spending reduction proposal in December 2002 eliminated the entire \$143 million reserve for Proposition 98 cost increases. If the \$47 million now earmarked for school district equalization survives future budget reduction proposals, funding the full \$203 million (as required by AB 31) could result in a

\$156 million reduction of funding from some other source. If it is taken from a non-Proposition 98 source, it may expose County programs to additional reductions.

According to the author's staff, they are aware that Los Angeles Unified School District is opposed to AB 31 because it would result in reduced District revenues, but there is no other registered support or opposition and the bill has not been set for hearing.

We will continue to keep you advised.

DEJ:GK

MS:ib

Attachments

c: Executive Officer, Board of Supervisors
 County Counsel
 County Office of Education